Unit 2: What is Sports & Entertainment Marketing?

OVERVIEW

Unit two describes the basic concept of sports and entertainment marketing and highlights the idea that sport is a form of entertainment. Students will be introduced to the fundamental concept of sports and entertainment marketing: the marketing of sports versus the process of marketing through sports.

Students will also begin to familiarize themselves with general marketing principles that are integrated within the framework of sports and entertainment business. They will be introduced to marketing philosophies such as defining the primary marketing functions and understanding what industry marketers are trying to achieve. Unit two will also provide an introduction to how innovation and advances in technology have changed not the sports and entertainment marketplace.

OBJECTIVES

1) Define sports marketing and entertainment marketing
2) Explain the two primary types of sports and entertainment marketing
3) Compare and contrast sports marketing and entertainment marketing
4) Describe the seven functions of marketing
5) Understand what makes sports and entertainment products unique
6) Explain the concept of competition for entertainment dollars
7) Identify the five P’s of event marketing
8) Explain the event triangle

LESSONS

Lesson 2.1 Sports & Entertainment Marketing Defined
Lesson 2.2 The Fusion of Marketing with Sports & Entertainment
Lesson 2.3 Sports ARE Entertainment
Lesson 2.4 Primary Marketing Functions
Lesson 2.5 Understanding the Sports & Entertainment Product
Lesson 2.6 Competition for the Entertainment Dollar
Lesson 2.7 Reaching Consumers
Lesson 2.8 Introduction to Event Marketing & Management

KEY TERMS

Cross Promotion  Customer Loyalty  Discretionary Income
Entertainment  Entertainment Marketing  Event Triangle
Intangible Product Attributes  Marketing  Perishability
Products  Sports Marketing  Tangible
Lesson 2.1
Sports and Entertainment Marketing Defined

A. Marketing
1. **Marketing** is the process of developing, promoting, and distributing products, or goods and services, to satisfy customers’ needs and wants ¹
2. The term “marketing” has grown to encompass many business activities such as selling, promotion and publicity

B. Sports
1. Webster’s dictionary defines sports as “a source of diversion or physical activity engaged in for pleasure”
   a. Sports can be a participation or spectator activity, and it is a form of entertainment either way
2. When we examine sport defined in terms relating to the sports and entertainment industry, we see a slight variation in definitions. Consider the following definition: “Sport, as used in contemporary sport management and in relation to the sport business industry, denoted all people, activities, businesses, and organizations involved in producing, facilitating, promoting, or organizing any sport business, activity, or experience focused on or related to fitness, recreation, sports, sports tourism, or leisure” ²
   a. This definition incorporates a business-oriented, broader description of the term, helping us to understand the unique nature of sports and entertainment as an industry

C. Sports Industry
1. The sports industry is the market in which the businesses and products offered to its buyers are sport related and may be goods, services, people, places or ideas ³

D. Entertainment
1. Webster’s offers the following definition: “To entertain is to amuse or to offer hospitality”
2. **Entertainment** is whatever people are willing to spend their money and spare time viewing rather than participating ⁴

E. Leisure time
1. Leisure time is the time available to people when they are not working or assuming responsibilities, often times referred to as “free time”
2. It is the goal of the sports and entertainment marketer to provide a product or service that can satisfy the needs and wants of those individuals who choose to be entertained during their leisure time
Lesson 2.2
The Fusion of Marketing with Sports & Entertainment

A. After examining the definitions of sports and of marketing, how do we integrate the two to paint an accurate portrayal of the sports and entertainment marketing function?
   1. In the book *Sports Marketing: A Strategic Perspective*, Matthew Shank defines sports marketing as “the specific application of marketing principles and processes to sport products and to the marketing of non-sports products through association with sport.”
   2. We define **sports marketing** as the act of using sports as a platform to market products or services and increase sales or the process of marketing and selling the sports property itself.

B. There are two types of sports and entertainment marketing, 1) Marketing **through** sports and entertainment and 2) Marketing **of** sports and entertainment
   1. Marketing **through** sports and entertainment
      a. Companies use sports and entertainment as a vehicle to gain exposure for their products
         i. Coca-Cola, McDonald’s, Adidas, Visa, BMW and others spending millions to sponsor the 2012 Olympic Games in London as a tool to brand their product globally on the international stage
         ii. **Gatorade** affiliating its product with athletes like Derek Jeter, Peyton & Eli Manning, Jimmie Johnson, Usain Bolt, Sidney Crosby and Landon Donovan
         iii. A CEO entertaining potential customers at a PGA Event in the hospitality area as a sales tool
         iv. HP serving as presenting sponsor of the Sundance Film Festival
         v. Apple highlighting Siri’s new sports feature (ability to find scores and schedules for users) as a key selling point for their new mobile operating system
      b. Product placement (also called product integration) to promote a specific product
         i. Acura vehicles being prominently featured in the blockbuster film, *The Avengers*
         ii. Judges on the hit TV show *American Idol* drinking Coke products during episodes
   2. Marketing **of** sports and entertainment
      a. The marketing of the sports and entertainment products themselves
         i. The Potomac Nationals minor league baseball club offering a “holiday” ticket package to fans
         ii. Major League Soccer’s Sporting Kansas City franchise branding the 2012 season with the slogan “Live for It” in celebration of the team’s stadium naming rights deal with the LIVESTRONG foundation
         iii. Disney Studios spending over $100 million in marketing and promotion for the 2012 box office bust *John Carter* 6
         iv. A country club offering a special rate to increase its membership
         v. Puma advertising the launch of a new sneaker or shoe line
         vi. Field Turf selling and installing a synthetic grass football field at a high school

C. Sports **marketing** vs. Sports **management**
   1. The field of study known as sports marketing is often confused with sports management, but how do we differentiate between the two?
      a. **Sport management** is the study and practice of all people, activities, businesses or organizations involved in producing, facilitating, promoting or organizing any sport-related business or product
      b. Although the terms are often used interchangeably, sports management is best described as the application of **management** concepts and principles to the sports industry while sports and entertainment marketing refers to the **marketing** concepts and principles to both the sports and entertainment industries
      c. Theoretically, sports marketing is considered a function of the broader field of study, sports management
2. Sport management areas of study might include:
   a. Sport law
   b. Facility management
   c. Human Resources
   d. Sport governance
   e. Leadership

3. Sports marketing activities could include:
   a. Tostitos sponsoring the Fiesta Bowl
   b. A MLS team offering payment plan options for season ticket buyers
   c. The ACC athletic conference agreeing to a 15 year television contract in 2012 with ESPN worth an estimated $3.6 billion
   d. A corporation’s purchase of a courtside tickets in a NBA Arena
   e. A sign or banner displaying a company’s logo on the dasherboards at a hockey rink
   f. Coca-Cola paying for “pour rights” at an event or facility
   g. A local restaurant sponsoring the local high school soccer team
   h. The Goodyear Blimp flying over sporting events
   i. Fans receiving free bobble head dolls at a baseball game
   j. Nike partnering with Microsoft to launch new fitness technology with Nike+ Kinect Training
   k. Foot Locker stores offering special sales or coupons to help increase sales
   l. Eli Manning hosting Saturday Night Live

* TEACHER’S NOTE *
The key concept that should be the focus in Unit 2 is marketing through sports and entertainment and act of marketing the sports and entertainment products themselves. Students should be able to differentiate between the two and offer examples of each. Utilize the discussion topic presented in the PowerPoint presentation to reinforce this lesson. Students should also be able to distinguish between sports management and sports marketing. Refer to the “stadium project’ to help illustrate this concept. ALSO, for a unique twist on a stadium project, please see the “Google Earth Stadium Project” located in the “IDEA SHARE & BONUS MATERIAL” folder on your CD-ROM.

D. Entertainment marketing
   1. Entertainment marketing is the process of developing, promoting, and distributing products, or goods and services, to satisfy customer’s needs and wants through entertainment, or any diversion, amusement, or method of occupying time.
      a. Entertainment marketing can be focused on both content and delivery
         i. For example, a studio makes money by producing films (content) and the theater (delivery) makes money showing the “product” (along with concessions)

2. Entertainment presents itself in many forms
   a. Examples of entertainment
      i. Seeing the Houston Symphony perform at Jones Hall in downtown Houston
      ii. Attending a LSU Tigers football game
      iii. Reading one of Suzanne Collins’ novels in The Hunger Games trilogy
      iv. Visiting the Seattle aquarium
      v. Going to a Zac Brown Band or Adele concert
      vi. Listening to the newest Lady GaGa song on your mp3 player
      vii. Watching the Broadway musical “Lion King”
      viii. Going to the Ringling Bros. and Barnum & Bailey circus at the American Airlines Center in Dallas
      ix. Disney’s California Adventure park’s 2012 introduction of the new ‘Cars Land’ attraction based on the popular animated hit movie franchise “Cars”
Lesson 2.3
Sports ARE Entertainment

A. Comparing and contrasting sports and entertainment

1. There are many similarities between sports and other forms of entertainment as each activity is one that entertains or occupies our time
   a. Watching a Broadway show
   b. Listening to music on an mp3 player
   c. Watching a movie
   d. Watching a football game
   e. Playing a game of soccer

2. According to Peter Guber (Chairman and founder of Mandalay Entertainment, Co-owner of the NBA’s Golden State Warriors and former studio chief at Columbia Pictures and chairman and CEO of Sony Pictures whose films have reportedly earned more than $3 billion in worldwide revenue and have been nominated for numerous Academy Awards):  
   a. “I believe sports is entertainment. I know there’s athletic excellence. But when I watch a game—let’s say I’m watching Charles (Barkley’s) show on (TNT)—it’s not just for the athletic excellence. Every piece of information is available in that telecast: scores, highlights, standings, analysis—right? I watch it because it’s entertaining. It’s about being entertained. It’s about being consumed. You’re a consumer, and you’re consumed by the entertainment, you’re engaged by the entertainment.”

3. There are several key differences between sports and entertainment
   a. Unscripted
      i. Consumers of sports do not know the outcome of the event in which they are participating
   b. Emotional attachment
      i. Traditionally, consumers of sports products have an emotional investment or interest in the outcome of the event (winning vs. losing, close games vs. “blow outs”)
   c. Differences in customer loyalty
      i. Customer loyalty is a customer decision to become a repeat consumer of a particular product or brand
      ii. Entertainment consumers lack the desire to be team or brand loyal, but rather want only to satisfy their own entertainment needs
      iii. If a company’s movie, book, sitcom, amusement ride, video game, magazine, CD, DVD or video does not deliver the expected level of entertainment, it is likely that the consumer will turn to a competitor’s product

4. Integration of sports with entertainment and entertainment with sports
   a. Cross promotion is the convergence of two entertainment properties working together to market products or services
      i. Madonna performing at half time of the 2012 Super Bowl and Wiz Khalifa performing with Adam Levine just before the 2012 Preakness Stakes
      ii. Major League Baseball partnering with HBO to cross promote Opening Day with the season premier of hit series, ‘Game of Thrones’
      iii. ESPN’s ESPY awards
      iv. To promote the release of their film, “The Campaign,” actors Will Ferrell and Zach Galifianakis threw out the first pitch and announced the lineups at a 2012 Cubs game
      v. In 2012, Converse engaged in a cross promotion by teaming with the Gorillaz to release a co-branded Chuck Taylor sneaker collection along with a song called “DoYaThing,” which featured Gorillaz, Andre 3000 and former LCD Soundsystem frontman James Murphy
vi. Occasionally two sports properties may choose to engage in cross-promotion as the New Orleans Hornets and Saints did, just after the Hornets won the NBA’s 2012 Draft Lottery, when they launched a “select-a-seat” promotion exclusively for Saints season-ticket holders.

b. Cross promotion can be an effective sales and branding tool for all parties involved
   i. Variety.com reports that a significant factor in ESPN’s successful launch of its Chicago-based website on all things Windy City was cross promotion, suggesting the cable company used “plenty of cross-promotion as a way to attract listeners to the site”.
      (a) It took just six months for ESPNChicago to become the city’s top sports site, attracting about 590,000 unique visitors in the month of June alone while the city’s historic newspaper company’s (Chicago Tribune) online sports section drew just 455,000 unique visitors.

   c. However, not all cross promotions are successful
      i. In 2011, 20th Century Fox engaged in several cross promotional efforts, including a tie-in with TNT and the NBA playoffs and an advertising campaign with Farmers insurance, to promote the release of the film “X-Men: First Class”, yet the film was largely underwhelming at the box office, yielding around $36 million less in its opening weekend than 3 of the other 4 installments of the film’s franchise (the third film, “X-Men”, did just as poorly).
      ii. A badly botched a Spider-Man 2 promotion in which MLB had planned to feature the Spider-Man logo on each base during the All-Star Game provides a cautionary tale to marketers considering cross promotional strategies. The league received such opposition from fans and baseball purists that the promo was eventually pulled.
Lesson 2.4
Primary Marketing Functions

A. Pricing
   1. Assigning a value to products and services on the basis of supply and demand
      a. Tickets to the Super Bowl are very expensive because demand is high while tickets to see two marginal teams compete during the pre-season will be less expensive, particularly if the game is not sold out, because demand is lower
      b. When tickets to the opening ceremony for the 2012 Olympics were first released, 1.8 million people requested more than 20 million tickets but 8 million tickets were available for the Games and were only available online to UK residents. As a result, tickets were reportedly being sold for as much as $10,000. 
      c. When demand fluctuates as frequently as it does in the ticketing world, companies must implement strategies to help identify the best price points to match demand
         i. This is why many organizations are moving toward a “dynamic pricing” structure where games in higher demand cost more than the same ticket for a game with lower demand (more on dynamic pricing in unit 9)
      d. To illustrate the importance of pricing, consider when Red Box first launched, they introduced a price point of $1 in an effort to capture a piece of the lucrative movie rental business. While Redbox continues to thrive, Netflix continues to struggle after increasing its subscription rates by as much as 60 percent (as of August 2012, its stock remains more than 70 percent below its 2011 peak price).

B. Distribution
   1. Determining how best to get products and services to consumers
      a. EA Sports sells their products at Target and in Best Buy stores, because they know their target consumers shop at those stores for video games and entertainment
      b. Warner Bros. announcing plans to offer movies directly for rent or purchase through Facebook, becoming the first Hollywood studio to introduce a video-on-demand service on the world's largest social network
      c. Hotel chains offering movie rental opportunities from the comfort of a hotel room (below are the top selling on demand theatrical movie titles in hotel guest rooms from 2011)
         i. Bridesmaids (Universal Pictures)
         ii. The Hangover Part II (Warner Bros.)
         iii. Limitless (Relativity Media)
         iv. Fast Five (Universal Pictures)
         v. Little Fockers (Universal Pictures)
         vi. Just Go With It (Sony Pictures Entertainment)
         vii. The Lincoln Lawyer (Lionsgate)
         viii. No Strings Attached (Paramount Pictures)
         ix. Hall Pass (Warner Bros.)
         x. Life As We Know It (Warner Bros.)
            (a) A company record 37 titles generated $1 million or more in sales revenue on LodgeNet interactive TV systems in 2011
      d. Sports and entertainment companies must determine which distribution strategies will help to maximize sales, whether that is mass distribution in as many outlets as possible or exclusive partnerships with individual retailers to create exclusivity and drive demand
         i. Sales of Lady Gaga’s record setting 2011 album Born This Way received a boost because the album was available at several nontraditional retail outlets, including drug store chains Walgreens and CVS
   2. Sometimes a retailer will arrange for exclusive distribution of a particular product or brand to drive traffic to their store or website
a. In the summer of 2011, Supermodel Heidi Klum teamed up with New Balance to create a lifestyle footwear collection targeting women on-the-go where the shoes would be sold exclusively at Amazon.com
b. Exclusive distribution doesn’t always guarantee success however, illustrated by the disappointing sales of Sears’ 2011 “Kardashian Kollection”

C. Promotion
1. Communicating information about products and services to consumers
2. Typically involves ongoing advertising and publicity and sales
   a. Prior to the start of NFL training camp, Nike announced that former college QB Tim Tebow would have his own Nike shoe through a combined EA Sports/Nike cross promotion that coincided with the rollout of the NCAA Football 2011 video game
   b. GameFly, Inc., an online video game rental subscription service, announced a national summer-long promotion with Six Flags last summer, in which the online video game rental company offered Six Flags guests extended “free” trials of their subscription service as well as providing one million gift cards available for giveaway at toll booth exits at each park
      i. Said David McKillips, Senior Vice President Corporate Alliances & Partnership Marketing for GameFly: “This promotion provides great exposure for GameFly via the Six Flags online and in-park digital assets, exit sampling, and also expands their reach to a broader audience.”

D. Financing
1. Creating a budget and revenue projections for a company’s marketing plan
   a. According to a report in the Wall Street Journal, since going public in 2005, Under Armour has quickly grown into a company generating $1 billion in annual sales, and is now projecting to double annual revenue to $2 billion by 2013
   b. In Hollywood, a decrease in sales of DVDs and significant increase in production and marketing expenses has prompted industry wide reforms that include a crackdown on budgets
      i. In production of the fourth installment in the Pirates of the Caribbean, super producer Jerry Bruckheimer worked with a budget at least a third less than the last "Pirates" movie and a major reduction in the number of shooting days and visual effects shots
2. Analyzing the cost effectiveness of existing or previous marketing efforts
   a. In 2012, the US Army chose to end it NASCAR sponsorship after the Air National Guard spent $650,000 to sponsor a 2010 NASCAR Sprint Cup race that resulted in just 439 recruitment leads, none of which ended up joining the Army
3. Providing customers with flexibility in purchasing company products or services
   a. Like many professional sports franchises, MLB’s Washington Nationals offer payment plans for customers purchasing ticket packages. According to the team’s website, the Nats’ “Grand Slam E-Z Payment Plan allows season ticket holders to pay a fraction of the total cost of their tickets in easy monthly payments. This is available for either Full, Half, or Partial Season Ticket Plans

E. Selling
1. Communicating with consumers to assess and fill their needs, as well as anticipating future needs
2. Involves the following activities, cultivating prospective buyers (or leads) in a market segment; conveying the features, advantages and benefits of a product or service to the lead; and closing the sale (or coming to agreement on pricing and services)
3. Many professional sports teams utilize a call center to revenue generated by ticket sales
   a. A call center is a physical location where calls are placed, or received, in high volume for the purpose of sales, marketing, customer service; typically through the use of telemarketers
   b. Call centers employ a staff to perform telemarketing activity with the goal of selling ticket packages over the telephone
c. Example
i. In 2012, the University of Minnesota athletics department outsourced their ticket sales operation to a third party organization (Aspire Group) to help boost ticket sales for Gopher athletic events. Aspire deployed a full-time sales staff to work in Minneapolis on the effort. Said Gophers’ Associate Athletics Director Jason LaFrenz, “We need to put more butts in seats.”

F. Marketing information-management
1. Gathering and using information about customers to improve business decision making
a. Professional sports teams began offering smaller ticket packages (half-season, quarter-season, five-game packages) after determining through customer research that full season ticket plans were often too costly and/or time consuming for many fans to purchase.

b. As visitors pass through the turnstiles at Disneyland in California, guests are randomly selected to answer interview questions from friendly staff members equipped with handheld data recording devices. This provides Disney management with up to date information about park guests, such as where they are from, how many are in their group, and how many times they have visited the theme park in the past.

G. Product and service management
1. Designing, developing, maintaining, improving, and acquiring products or services so they meet customer needs
a. One of Nike’s product management efforts includes the “Nike Field Tester Program” in which selected applicants will wear Nike shoes for typically 4-8 weeks. Testers keep a daily written account of information relating to the product. Additionally, testers are required log the number of hours the shoes were worn each day, the surfaces shoes were worn on, observations regarding the shoe’s fit, performance and durability.

b. Executives from professional sports teams are always working to improve their product, recognizing the importance of fielding a competitive team to meet the demands of consumers (fans)

c. While brands like Nike attempt to exploit the foam sandal footwear niche created by Crocs (in 2011 they released the “Gato Beach” product line), Crocs countered by rolling out a much wider product offering of their own to include an enhanced version of their core product that features “dual-density technology” as well as traditional flip flops and classic sneakers. While the brand’s core product is still its Dutch boy Swiss cheese foam clog, Crocs has added “Duets,” which utilize “dual-density technology,” and standard flip flops, as well as designs molded as classic sneaker styles.

d. In 2011, Internet radio service Pandora announced plans to expand its service by including a comedy genre with the addition of over 10,000 comedy clips featuring more than 700 comedians to its audio archives.
Lesson 2.5
Understanding the Sports & Entertainment Product

A. Sports products
   1. Products
      a. **Products** are tangible, physical goods as well as services and ideas
         i. **Tangible** products are capable of being physically touched
      b. Sports products are the goods and services designed to provide benefits to a sports spectator, participant or sponsor
      c. Examples of sports products
         i. Licensed merchandise - A Houston Rockets hat
         ii. Participation - Tickets to a Fort Worth Cats baseball game
         iii. Equipment and apparel - Louisville Slugger baseball bat
         iv. Promotional items - A bobblehead giveaway/promotional item
         v. Sports facilities - The Verizon Center arena in Washington, D.C.
         vi. Marketing research – A report on participation levels of soccer in the United States provided by the American Sports Data research firm
         vii. Marketing / Management services – Services provided by Octagon Consulting Group such as competitive analyses and sponsorship valuations

B. Entertainment products
   1. Several segments of the entertainment industry rise to the top as predominant money makers
   2. These segments include:
      a. Film and cinema
      b. Television
      c. Music (includes recorded music and concerts/shows)
      d. Radio
      e. Video games
      f. Theme parks
      g. Publications (newspaper, magazine, book)

C. The unique nature of sports and entertainment products
   1. Sports and entertainment products often share common characteristics of **services**
   2. Two primary characteristics of services
      a. Services are perishable
      b. Services are intangible
   3. Many sports and entertainment products are perishable
      a. **Perishability** is the ability or need to store or inventory a product
         i. According to Mullin, Sutton & Hardy in *Sports Marketing*: “No marketer can sell a seat to yesterday’s game, yesterday’s concert or yesterday’s ski-lift ticket”
            (a) According to data from Ticketmaster, over 50 million tickets to sporting events went unsold last year, representing roughly $900 million in lost/uncaptured revenue
            (b) Dallas Mavericks owner Mark Cuban said in a recent interview, “I wrote a blog post a few years back saying that NHL players lost more than 1 billion in wages for their missed season. It could be more than that if the NFL walks out. The players can’t ever get that money back. Their playing time is perishable.”
To see an interesting graphic relating to the ticket sales and the concept of perishability, have students review the lesson 2.5 student handout marked “Lesson 2.5 student handout – perishability”. The file can be accessed from your CD-ROM or online.

4. They are also often intangible
   a. **Intangible product attributes** are the unobservable characteristics which a physical good possesses, such as style, quality, strength, or beauty.
      i. Copyrights, logos, graphics and trademarks would also be considered intangibles
   b. Even tangible items such as a soccer ball or music CDs have less significance than the feeling or emotion that the activity itself reveals

5. Examples of sports activities that would be considered intangible
   a. The **exhilaration** we get from running our best marathon
   b. The **thrill** of winning a competition
   c. The **satisfaction** of scoring well on a challenging golf course
   d. The **pride** we feel when teams we support win
   e. The **emotional attachment** fans invest in their affiliation with a favorite team
   f. The **connection** fans feel with other fans (whether they know them or not) supporting the same players or teams

D. Importance of a quality product
   1. Even the best marketers and salespeople in the world can’t promote or sell an undesirable product. No matter how much effort an organization puts into its marketing, promotion and sales efforts, they will face challenges generating and sustaining interest in the product if they don’t offer consumers and fans a quality product.
      a. Vince McMahon, founder of WWE, infamously launched a professional football league (the XFL) in 2001 with grandiose plans of competing with the NFL. In its initial stages, thanks to a very successful marketing campaign, the league enjoyed outstanding ticket sales, sponsorship sales and television ratings. Fans, however, quickly discovered the product on the field was severely lacking, and the league was forced to close its doors after just one very lackluster season.
         i. “Those initial (TV) ratings tell you they had superior promotion,” said Stephen Greyser, a Harvard Business School professor who co-authored a Harvard Business Review study on the XFL and still highlights the XFL as a case study in his Business of Sports course in an interview with the Sports Business Journal. “They just did not put as much emphasis on building the product as they did on building the hype.”
      b. While the NBA’s Dallas Mavericks were already one of the league’s more popular teams, its popularity boomed during its 2011 playoff run, culminating with the winning of the NBA championship. From April (when the playoffs began) to June (when it won the championship), the team saw a 156% increase in “likes” on its Facebook page and gained 97% more followers on Twitter.
      c. Thanks to the VCU men’s basketball team run to the Final Four in the 2012 NCAA tournament, visits to the vcu.edu main home page increased by over 8 million hits while donations to the athletics department increased by a whopping 376%
      d. The success of the US Women’s Soccer team at the 2011 World Cup led to a sharp increase in interest in following and supporting the product.
         i. Twitter announced that at one point during the championship game, a tweet record had been broken: The game had led to 7,196 tweets per second. By contrast, the Green Bay Packers’ Super Bowl victory over Pittsburgh led to a high of 4,064 per second while news of Osama bin Laden’s death hit 5,106.
ii. From June 26 to July 17, Women’s World Cup content across ESPN.com, ESPNsoccer.net and espnW.com generated 16 million page views and 12 million visits.  

iii. The championship game was ESPN’s most-viewed and highest-rated soccer match in the broadcast company’s history with an average of 13.5 million viewers and was also the second most-watched daytime telecast in cable television history.  

iv. The challenge for the U.S. Women’s soccer team now becomes capitalizing on the success of their World Cup efforts to continue performing on the field to maintain a consistent level of interest and fan support.  

E. Impact of Technology  

1. Advancements in technology have led to new product innovations and forced an evolution in the way sports and entertainment marketers work to reach consumers  

a. MP3 technology  

i. A podcast is a digital media file (could be audio or video), or a series of such files, that is distributed over the Internet using syndication feeds for playback on portable media players and personal computers.  

(a) The NHL’s league website (nhl.com) features a podcast page which includes podcasts of its NHL radio show (“This Week in the NHL”) and podcasts for individual teams in both audio and video format (the Minnesota Wild podcast show is referred to as the “pondcast”, St. Louis Blues have a “BluesCast”, Washington Capitals have a “Caps Report” etc.)  

(b) Podcast technology opened the door for comedian Adam Corolla to reinvent and revive his career after his network show was cancelled. Since launching his self-produced podcast show, "The Carolla Podcast" is frequently been the most popular podcast on iTunes, even edging out President Obama’s weekly address and drawing over 3 million downloads in a given week.  

(c) In an effort to continue building on the success of its '30 for 30' series, ESPN announced in 2012 that they’d be augmenting future films with podcasts featuring popular sports personality Bill Simmons  

b. Streaming audio and video capabilities  

i. Online sports talk “radio” (ESPN Radio)  

ii. Internet radio stations (Pandora)  

iii. Websites offering short films, video clips and movie trailers (Hulu)  

iv. Sirius and XM satellite radio (who merged in 2009)  

v. Online video rentals (Netflix, Blockbuster etc.)  

vi. Streaming live video events  

(a) In 2013, many major global sporting events like Winter X Games 15, Masters Golf Tournament, British Open Golf Tournament, FIFA Women’s World Cup, Wimbledon and NCAA Tournament will be streamed through the Internet allowing fans to watch online and/or on mobile devices  

(b) A recent report in Business Week suggested that adding live sports broadcasts “may help YouTube expand revenue by keeping viewers on its site longer to woo more advertisers. YouTube’s contract to show cricket from the Indian Premier League, which gives the Google unit a share of ad revenue from games and the league’s website, brought in 55 million visits from more than 250 countries."

(c) The NFL streamed the Super Bowl for the first time in 2012, offering a live broadcast of the game on NBC Sports’ website and to Verizon wireless mobile devices (over 2 million fans watched the NBCSports.com stream)  

(d) ESPN, already a leader in streaming live sports, plans to take things even further by making more content available to consumers on mobile devices through the WatchESPN app (according to ESPN Research, the NBA Finals averaged over 330,000 viewers on WatchESPN and their broadband channel, ESPN3).
(i) The two matches between Portugal/Spain and Germany/Italy in the UEFA Euro 2012 championship semifinals (soccer) attracted 598,000 and 553,000, respectively, on ESPN3 and WatchESPN while nearly 350,000 fans watched the 2012 Rose Bowl online at ESPN3.

c. Emerging “interactive” technologies
   i. Shazam (a mobile phone app that helps users identify music) partnered with American Idol in 2012, allowing viewers to identify what songs contestants were performing, click links to buy the songs, get Twitter feeds from insiders, follow the official social media channels, and see video and photos from AmericanIdol.com. Shazam’s “audio tagging” technology was also featured during broadcasts of the 2012 Super Bowl, Grammy Awards & Olympic Games.
      (a) According to Shazam, its Super Bowl audio tagging led to “record engagement,” with football fans tagging content millions of times during the game, the half-time show.
   ii. At FanFest during Major League Baseball’s All-Star weekend, a FanZone touchscreen station was on-site, allowing fans to create and purchase customized name and number all-star jerseys.
      (a) Click here to see similar technology from FanZone in Winnipeg at the MTC Center (home of the NHL’s Winnipeg Jets)

d. E-Commerce
   i. E-Commerce refers to the consumer’s ability to purchase goods and services (sports and entertainment related or otherwise) online on the Internet
      (a) Compact discs, DVDs and other forms of music and video
      (b) Individual songs, shows and movies in digital format
      (c) Subscriptions to listen to Major League Baseball games live
      (d) Tickets to events
      (e) Online video games and in-game purchases
         (i) Electronic Arts (EA) reportedly earns $110 million each year from microtransactions such as acquiring new players in their FIFA soccer game franchise.
         (f) Customized jerseys from NFLshop.com

e. Advertising
   i. Signage and displays
      (a) American Airlines Arena unveiled new technology capable of delivering “live and dynamic billboard advertising”, making the NBA’s Miami Heat the first U.S. sports franchise to tap into the next generation of outdoor media systems designed to drive revenue.
      (b) The Kansas City Royals teamed up with Cisco Systems and AT&T Inc. to launch a new video platform that offers customized advertising, capable of delivering live game video, concessions menus and customized fan content.
         (i) “Technology enables us to enrich the experience for our fans, who are celebrating 40 years of Royals baseball this year,” said Kevin Uhlich, Royals senior vice president of business operations.
      (c) Advertising firm “Instadium.com” sells promotional materials and “touchpoints” to advertisers at venues such as Coors field in Denver. They have ads positioned in hundreds of locations around the stadium, from rotational signage around the field perimeter to ads in the restrooms, concessions areas, and concourses. Fans can’t help but be exposed to their messages.
   ii. “Virtual advertising”
      (a) In recent years, NHL organizations have turned to virtual advertising to generate incremental revenues from their television broadcasts. Eight NHL clubs have sold digital inventory on the glass behind the net, a prime asset with terrific on-camera visibility. On average, teams can reportedly generate $500,000+ from virtual ads on the glass, an inventory piece that costs just $2,700 per game.
($113,400/year) in production costs from Sportsvision. While virtual advertising has been widely adopted in the sports marketplace for the past ten years, notably with behind-the-plate signage in baseball, it is gradually becoming utilized in hockey.  

iii. Interactive “shopping” experiences

(a) A recent trend in the sports and entertainment marketing world is the implementation of strategies that utilize QR codes (a barcode that can be scanned by camera-enabled mobile devices that direct consumers to various digital content like web pages, or other phone functions like email and text messaging)

(b) The Detroit Red Wings feature specific QR codes in their game day program, allowing ticket holders to find more information, watch videos, or buy related merchandise—all without leaving their seat. To ensure that fans took full advantage of the technology, the Red Wings broadcast a how-to instructional video during timeouts on the Joe Louis Arena jumbotron.

(c) Last year, KEEN footwear placed QR codes on print advertisements featured in Backpacker magazine that delivered content to consumers ranging from exercise videos to their online store

(d) Footwear brand And1 features a QR code on advertisements for their annual basketball Summer Pro League which takes players to a website where they can, among other things, register to play in the league

(e) Perhaps best described as a “futuristic digital shopping experience”, Adidas launched an interactive “wall” at select retail stores providing consumers with an opportunity to spin, twist, turn and enlarge computer representations of the footwear, learn more about individual products or even order through a touchscreen. The technology also allows Adidas to watch shoppers as they interact with the wall’s features.

(i) For more details about the adidas interactive wall, click here.

f. Audio / Visual Enhancement

i. High Definition broadcasts

(a) In a sentiment shared by many sports consumers, popular ESPN writer Bill Simmons discusses how HD television has revolutionized the fan (viewer’s) experience: “It’s a new world for sports fans: an intimacy that can’t be found otherwise, unless you’re paying through the nose for great seats. I thought I’d like sports less when I got older. Actually, I like them more. And it’s partly because of HD. I’m constantly saying to myself, I can’t get over how great that looks!”

(b) Over 1,000 FM radio stations are now broadcasting in high definition (special HD-ready receivers are required to hear the high quality signal)

ii. Blu-ray video

(a) Sales of Blu-ray discs surged by 23 percent in 2011, according to The Digital Entertainment Group

(b) According to a report released by a London based home media research firm, Blu-ray movies will represent more than 50% of all video sales by 2014

g. Video games

i. Games now feature enhanced graphics, creating a more realistic user experience while game players now enjoy greater accessibility and interactive capabilities through the Internet

ii. Today’s video game enthusiasts enjoy motion sensor technology, allowing for users to simulate various activities (ranging from simple movement like running and jumping to sports activities like bowling or tennis) with (Wii and PlayStation Move) or without (Microsoft Kinect) a video game controller

iii. Video game technology continues to rapidly improve at a rapid pace
(a) The popular ‘Madden’ franchise will offer enhanced features like voice control and a virtual twitter feed with the release of ‘Madden NFL 2013’
(b) Video game technology developed by Electronic Arts used in its Tiger Woods Golf franchise is now being used to improve the game of real golfers

h. Apparel/Footwear/Sporting Goods
i. In 2011, Columbia Sportswear introduced its line of Omni-Heat Thermal Electric apparel (including electrically heated jackets, a line of heated boots and a $400 pair of electrically heated gloves) targeting active outdoors activists such as winter sports enthusiasts and those who enjoy hunting and fishing
ii. Adidas made a splash in the basketball marketplace during the 2011 NBA Playoffs with the launching of “The Lightest Basketball Shoe Ever,” a sneaker Adidas execs proclaim to be two ounces lighter than the nearest competitor
(a) In 2012, Nike introduced its own “Flyknit” lightweight shoe (described as “newly-designed Flywire technology to loosen and tighten with the natural motion of the feet that features a snug fit that fits like a sock”) while Under Armour also launched a lightweight “Spine RPM” running shoe (described as “a shoe designed to function much like the human spine — agile when it needs to be but rigid when it must be”)
(i) Click here for a video discussing the technology behind Nike’s flyknit technology
(ii) Click here for a video discussing the technology behind Under Armour’s spine technology
iii. Runners in the New York Marathon have MapMyRun technology available to them, allowing friends and family to track their progress in real-time, including status updates for each participating runner automatically posted to Facebook and Twitter accounts as runners pass pre-determined mile markers
iv. Expanding on the success of their Nike+ technology, the shoe giant unveiled a new product (Hyper Dunks) in 2012 that features a pressure sensor, allowing athletes to measure such physical attributes as speed and jumping ability while tracking movement recording activity. The company also released the Fuel Band, a wristband device that measures measures and records a users’ everyday activity, calories burned and other useful information.
v. Under Armour is developing a shirt that will feature technology that can track your heart rate, breathing and even your G-force as you workout using specially designed sensors that pick up electrical signals from your heart (the product is tentatively scheduled for release sometime in 2013)
(a) To read more about Under Armour and its commitment to innovation and technology, click here.
vi. Inspired by dimples on a golf ball (which reduce aerodynamic drag), Nike released its “TurboSpeed” track suit in time for the 2012 Olympic Games, claiming the technology could shave up to 0.023 seconds off 100-meter sprint times — a difference that could have elevated Walter Dix from a bronze to the silver medal at the Beijing Olympics. The uniform’s efficiency was tested during hundreds of hours in a wind tunnel over a twelve year period and they are eco-friendly, made from 82 percent recycled materials.
(a) Click here for a video discussing the technology behind Nike’s TurboSpeed technology
vii. Complex.com compiled a list of their rankings for the top 25 greatest sneaker innovations of all time. Click here to see the slideshow.

i. Broadcasting / Viewer Experience and accessibility to programming
i. DirecTV offers its NFL Sunday Ticket subscribers access to the “NFL Game Mix”, an exclusive channel that displays up to eight games at once in real time, allowing viewers to select games with a peak in the action for which to tune in to
ii. ESPN’s “Goal Line” channel features unlimited live cut-ins and highlights from numerous top college football games during each Saturday of the college football season, plus up-to-the-minute commentary from ESPN analysts and experts.  

iii. Today’s viewing experience offers more flexibility to consumers when providers offer broadcasts on a number of platforms, like Turner Sports’ “multi-platform coverage” of the 2011 PGA U.S. Open Championship
   (a) Said David Levy president of sales, distribution and sports for Turner Broadcasting System, Inc. “Fans will have a fully immersive viewing experience at their fingertips on TNT, PGA.com, mobile phones and tablets that will allow them to enjoy the excitement of the 93rd PGA Championship from anywhere.”

iv. With the re-emergence of 3D technology (3D has been around since silent films in the early 20th century), the viewing experience has been taken to a whole new level
   (a) CBS beamed the 2010 NCAA basketball championship game in 3D to 100 movie theaters across the U.S. In 2012, live public screenings of the Wimbledon finals were shown in 3D in Europe, North America, Africa, Latin America and Asia while BBC, a British broadcasting company, provided 3D coverage of several Olympic events to fans in London.
   (b) While 3D has created excitement among consumers, film studios have successfully cashed in on the craze by increasing revenue as they have been able to raise ticket prices up to 35% for films presented in 3D
      (i) Ticket prices in the U.S. hit an all-time high in 2011, according to the National Association of Theatre Owners, rising to an average of $7.93 per ticket from $7.89 from the previous year.
      (ii) The 2012 summer blockbuster *The Avengers* shattered opening weekend records (grossing $200.3 million in box office sales) thanks in part to the fact that 52 percent of those who watched the film chose to purchase higher priced tickets to see the movie in 3D.
   (c) However, despite the increase in availability of 3D ready equipment, the technology has not caught on as quickly as many industry insiders anticipated
      (i) In 2012, DirectTV dramatically cut back on the number of hours it airs 3D programs, citing lack of content as the reason while AT&T’s U-verse entirely eliminated its 3D lineup because of low customer demand.
   (d) Like anything else, broadcasting technology will continue to evolve. Many sports executives are already investigating the possibilities of Google’s “glass” project (ability to stream video from the athlete or performer’s perspective through a pair of technologically advanced glasses) and the impact it could have on the overall viewing experience.

j. Augmented reality
   i. Augmented reality (AR) is essentially the practice of taking the same graphics used on television screens or computer displays and integrating them into real-world environments.
   ii. Currently, it is one of the hottest trends in the sports and entertainment marketing world as companies experiment with ways to utilize augmented reality to immerse fans in a more realistic entertainment experience and many industry insiders believe augmented reality will be a “game-changer” when it comes to connecting fans with their favorite sports and entertainment brands.
   iii. An augmented reality campaign led to unprecedented buzz surrounding the popular summer music festival, Coachella, when a hologram of rapper Tupac Shakur (who died 15 years ago) performed alongside Snoop Dogg, resulting in over 10 million views on YouTube in less than two days.
   iv. Just after the New York Giants won the 2012 Super Bowl, the team launched an augmented reality campaign to create a truly unique experience for their fans by encouraging them to “wear” the team’s championship ring and/or pose with the legendary Lombardi Trophy.
Lesson 2.6
Competition for the Entertainment Dollar

A. Discretionary Income
   1. **Discretionary income** is money left to spend after necessary expenses are paid.
   2. There is only so much discretionary income available in today’s economy
      a. The competition for entertainment dollar increases when the economy is in a recession
         i. The results of a Fortune poll released in May of 2009 showed discretionary spending in America to be at a thirty year low.
      b. Regardless of economic conditions, the role of the sports and entertainment marketer is to find ways for consumers to spend those dollars with their organization
   3. Competition for the entertainment dollar is always on the rise with new, innovative ways to entertain constantly being introduced to the market
   4. What types of entertainment are offered in your area?
      a. Sporting events
      b. Live music and entertainment
      c. Video games
      d. Theatre
      e. Festivals and events
      f. Movie rentals
      g. Theme parks
      h. Movie theaters
      i. Excursions (hiking, rafting, etc.)

B. Consider the many entertainment options available to residents in the Denver Metro Area
   1. Sports (professional and major colleges) and activities
      a. Denver Broncos (NFL)
      b. Denver Nuggets (NBA)
      c. Colorado Avalanche (NHL)
      d. Colorado Rockies (MLB)
      e. Colorado Crush (Arena Football League)
      f. Colorado Rapids (Major League Soccer)
      g. Colorado Springs SkySox (Minor League Baseball)
      h. Colorado Mammoth (National Lacrosse League)
      i. University of Colorado Buffaloes (NCAA)
      j. Colorado State University Rams (NCAA)
      k. University of Denver Pioneers (NCAA)
      l. Air Force Falcons (NCAA)
      m. The International Golf Tournament (PGA Tour)
      n. Bandimere Speedway (National Hot Rod Association Championship Drag Racing)
      o. Grand Prix of Denver (Auto racing)
      p. Dew Action Sport Tour (Action sports)
      q. Mountain climbing/hiking/camping
   2. Entertainment
      a. Theme and entertainment parks
         i. Six Flags
         ii. Water World
         iii. Lakeside Amusement Park
      b. Movies
         i. Movie theaters
         ii. Blockbuster video; Redbox
         iii. Drive in
c. Music
   i. House of Blues
   ii. Red Rocks

d. Venues
   i. Pepsi Center
   ii. Invesco Field
   iii. Coors Field


e. Performing Arts/Theatre
   i. Boulder's Dinner Theatre
   ii. Colorado Ballet
   iii. Colorado Children's Chorale
   iv. Comedy Works, Inc.
   v. Denver Center for the Performing Arts

f. Festivals
   i. The Denver Mariachi Festival
   ii. Colorado Music Festival
   iii. Bravo! Vail Valley Music Festival
   iv. Cherry Creek Arts Festival
   v. Colorado Renaissance Festival

g. Museums/Art/Culture
   i. Astor House Museum
   ii. Black American West Museum & Heritage Center
   iii. Buffalo Bill's Museum & Grave
   iv. Cherokee Ranch and Castle
   v. Children's Museum of Denver
   vi. Colorado Sports Hall of Fame

h. Zoos/Aquariums/Gardens
   i. Downtown Aquarium
   ii. The Denver Zoo
   iii. Butterfly Pavilion and Insect Center
   iv. Denver Botanic Gardens

i. Specialty Tours/Attractions
   i. Cave of The Winds
   ii. Cripple Creek & Victor Narrow Gauge Railroad
   iii. Dinosaur Ridge
   iv. United States Mint
Lesson 2.7
Reaching Consumers

A. The Elusive Fan

1. A classic sports marketing book entitled “The Elusive Fan” was published to examine the volatility of the sports/entertainment marketplace and the challenges today’s sports business professionals face.

a. Excerpt from the book: “It’s an October Saturday in Chicago. On television are two MLB playoff games, two preseason NBA games, fourteen college football games, five golf tournaments, an AHL game, an international horse race, two NASCAR races, and eight soccer matches. The University of Illinois and Northern Illinois University football teams and the AHL’s Chicago Wolves have home games. Hawthorne Race Course has a full card and there’s harness racing at Balmoral Park. There are twenty-nine high school football games and the final round of the boys and girls Illinois high school state championship golf tournaments. Youth and recreational league games are also being played in every community of the Chicago area. What about the Chicago Bulls, Bears, Blackhawks and Northwestern Wildcats? The Bulls played at home last night, the Bears play at home tomorrow, the Blackhawks are away and the Wildcats had their midseason bye. Of course this does not include the hundreds of satellite television channels broadcasting soccer, rugby or cricket games all over the world; the millions of sports Web sites with fantasy games, insider information and gamecasts; and a wide variety of increasingly realistic sports video games.”

b. The primary challenge for today’s sports/entertainment business professional is capturing consumer interest and building loyalty once that connection has been made.

i. Why is loyalty important? Most marketers follow the widely accepted “20/80 rule”: 20% of customers account for 80% of company sales

   (a) Batman fans will see The Dark Knight Rises in theaters whether or not the film receives positive reviews (many fans actually camped out for days in extreme heat hoping to get tickets to the midnight premiere)

   (b) Because NASCAR fans are among the most brand loyal in all of sports, more Fortune 500 companies invest in NASCAR marketing programs than any other major sports property.

      (i) According to Steve Phelps, chief marketing officer for NASCAR: “We have the most brand loyal fans in all of sports. More than three out of five avid NASCAR fans agree that even in tough economic times, they will continue to support NASCAR sponsors over other brands.”

ii. Because loyalty is so important, many sports and entertainment organizations implement “loyalty programs” to reward core customers

   (a) UCLA’s athletics department recently unveiled a loyalty-based point system that will help determine the order by which fans get to choose their seats in the new basketball arena before it opens its doors for 2012-13 season.

   (b) Hoping to create more brand loyalty among consumers, Sports Authority (a sporting goods retailer) launched a rewards program in 2012. Named “The League”, the program provides members with benefits like cash back on purchases, member-only in-store events and a birthday reward.

iii. New and emerging sports and entertainment offerings keep the marketplace in a constant state of competition and evolution

   (a) Nike recently announced that its action sports division is the fastest growing category within the Nike Brand. The Company anticipates doubling its current estimated $390 million business by 2015.

      (a) Nike’s global marketing director for action sports addressed the launch of the ad campaign targeting the action sports consumer: “We want to connect with a younger consumer and a larger community of action sports.”
2. Many industry analysts are beginning to ponder the growth potential of cricket in the U.S.
   a. The American College Cricket Championship began in 2009 with just five participating 
      colleges but has grown quickly to feature 30 colleges in 2012.  
   b. Joe Favorito, a long time and well respected industry expert, put it this way in a 2011 
      blog post: “On April 2 it generated 45 percent of all page views on ESPN’s mobile 
      platform, and over a million views in the United States alone. Its final was watched not 
      by millions, but by billions around the world, and its professional league, which started 
      just days after its international final, saw sellout crowds, waves of blonde haired 
      cheerleaders and loud music. It is also the subject of one of the most talked-about 
      documentaries of the upcoming Tribeca Film festival. No it’s not football or baseball, or 
      NASCAR or even soccer or the X games. And it’s not Charlie Sheen. It is cricket, and 
      while it is still not registering in mainstream America or with the media, it is becoming a 
      bigger player on the global sports landscape than ever before. Should we care in North 
      America? The numbers say yes we should.”  
   c. ESPN’s action sports X Games franchise’s consumer products and licensing business 
      does more than $120 million in retail sales each year.  
   d. In a sport once publicly denounced by Senator and former Presidential Candidate John 
      McCain, Mixed Martial Arts (MMA) has gained mainstream appeal.  
      i. The sport is now sanctioned in every state with an athletic commission except New 
         York.  
      ii. UFC’s pay-per-view audience surpassed boxing and World Wrestling Entertainment 
          for the first time in 2006, and has been on top ever since  
      iii. UFC events are now being broadcast to a half billion homes worldwide, but Dana 
           White, President of the UFC, recently stated that he is working on deals that would 
           double that number in the near future.  
   e. Participation in the sport of lacrosse grew by more than 8 percent in 2011 according to 
      the annual participation survey conducted by US Lacrosse, released in 2012. The US 
      Lacrosse report found over 680,000 players competed on organized teams in 2011. By 
      comparison, US Lacrosse first began tracking overall lacrosse participation in 2001, 
      when just 253,931 people played on organized teams.

B. Examining the Elusive Fan

1. Many factors impact a consumer’s decision to participate in sports and entertainment 
   a. Primary influencers are money and time  
   b. Other factors can include personal issues like spending time with family, camaraderie 
      among friends and relaxation  

2. Innovation, enhancement of the overall fan (consumer) experience and careful market 
   research become essential components of marketing plans and strategies  

3. According to the book, an elusive fan is defined by seven major characteristics.  
   a. Pressurized competitive environment  
      i. The sports marketplace is extremely crowded  
      ii. Paintball, while not a direct competitor of the NHL, poses an indirect threat as the 
          sport gains popularity and has the potential to attract new sports fans  
   b. Higher fan expectations  
      i. Fans demand a higher consumer experience than ever before with more 
         concessions options, newer facilities and advances in broadcast technologies  
   c. Paradox of commercialism  
      i. A conflict between business and game exists as the business of sports grows while 
         fans still crave the spirit of competition and integrity of the game
(a) In 2012, Indianapolis Motor Speedway featured signage on the racing surface for the Indy 500 for the first time in its history. Said a spokesperson familiar with the event, “That's the tricky part of operating an iconic sports venue, such as the Indianapolis Motor Speedway, Fenway Park, Wrigley Field. That's the balancing act. How do you maintain the integrity of the facility but at the same time be able to compete in this new world of sponsorship sales where [marketing] revenue is important to help us [keep] down ticket prices and get brands involved that will activate to help us build the overall brand of the Indianapolis 500.”

ii. Many sports marketing executives wrestle with the decision as to whether they should sell the rights to advertise on the front of their jerseys
   (a) In 2011, the WNBA announced a partnership with Boost Mobile that will place ads on the uniforms of 10 of the league’s 12 teams, with the Boost corporate logo appearing on uniform fronts directly below the players’ numbers
   (b) In 2011, Major League Soccer’s Philadelphia Union announced the controversial decision to sell the jersey sponsorship rights to Bimbo (correctly pronounced Beem-bo), the world's largest bakery, in a four year, $12 million deal
   (c) While the debut continues, sports teams who choose NOT to sell jersey advertising are passing up the potential for extremely lucrative sponsorship deals
      (i) In 2012, the NBA sponsored patches on the shoulder of team jerseys beginning with the 2013-14 season, with teams projected to generate $100 million annually in revenue from the jersey ads

* TEACHER’S NOTE *

To see the top English Premier League top jersey sponsorship deals, have students review the lesson 2.7 student handout marked “Lesson 2.7 student handout – top jersey deals”. The file can be accessed from your CD-ROM or online.

iii. As it becomes more and more challenging to generate a profit in professional sports, many organizations look for new and creative ways to generate advertising dollars
   (a) In 2011, the Florida Panthers announced they would convert every seat in the BankAtlantic Center’s lower bowl to the color red in conjunction with the team’s “We See Red” marketing campaign and that the logo for one of their sponsor’s (Zimmerman Advertising) would appear on the front of each seat (a deal that will reportedly generate revenue in the mid-six figures each year for the team)
   (b) In 2012, the NFL relaxed its long standing policy of not allowing teams to solicit advertising dollars from any gambling entity when they approved the Baltimore Ravens’ effort to open conversations with casinos about signage, radio advertising and ads in game programs

d. New technology
   i. Never before have consumers had so much information or access to sports and entertainment products at their fingertips with the proliferation of media channels
   ii. The fan experience is being consistently upgraded as a direct result of new technologies and advances in social media as consumers can absorb the sport experience from almost anywhere
      (a) Devices like the Slingbox or mobile devices and tablets enable users to watch live sports or television programming remotely
      (b) A 2012 survey conducted by the sports media group Perform suggests that 26 percent of sports fans use social media to follow leagues, teams, and players, up from just 15 percent in 2011
e. Individualism
   i. Society as a whole has become less focused on group interaction and developed more specialized interests
   ii. Individualism has slowly resulted in the deterioration of the popularity of team sports
      (a) The fastest growing sports in America and internationally are individual sports
      (b) Pickleball, a sport that could be described as a tennis-badminton-ping-pong hybrid that was invented more than fifty years ago, is the fastest growing sport in North America and has been for the last four years.\(^{90}\)
      (c) Internationally, the fastest growing sport is stand up paddle boarding (also known as SUP) with over 1.2 million participants in 2011 (an 18 percent increase over the previous year).\(^{91}\)

f. Change in family structure/behavior
   i. Today, more than half of all U.S. families are divorced, single parent or diverse groups of unrelated people.\(^{92}\)
   ii. As a result, the decision making process for sports and entertainment participation becomes more complicated

g. Time pressure
   i. The time demands Americans face today offer fewer hours for the consumption of sport in any capacity, be it as a spectator or participant
   ii. It is not simply the activity itself that poses challenges for consumers
      (a) Consider the plight of a sports fan that purchased tickets to see a Colorado Avalanche. Tip-off is at 7:00 p.m. and the fan leaves work at 5:00 to meet a friend at a local restaurant for a pre-game dinner. Given traffic and parking issues, that fan may not get home until 11:30 p.m. That two or three hour game has now eaten up nearly six hours of the consumer’s day.
Lesson 2.8
Introduction to Event Marketing & Management

A. Event marketing
   1. Event marketing
      a. Event marketing refers to the actual marketing and management of an event by its organizers
      b. Event examples
         i. Tour de France
         ii. Competitive Eating Events
         iii. Cannes International Film Festival
         iv. US Air Guitar Championships
         v. America’s Cup
         vi. ESPY Awards
            (a) To encourage celebrities to attend events like the ESPYs, event marketers often provide gift bags for guests or sponsors
            (b) The 2012 gift bags given to ESPY guests included vacation packages, gym memberships, P90X2 workout DVDs, gift cards, Vita chocolate, spa gift certificates, sailing lessons, a Sodastream machine (the term “bag” is a little misleading because the gifts were delivered in a Samsonite suitcase)
      c. Event marketing has become a profitable segment of the sports/entertainment industry
         i. Media Business Report estimates that marketers will spend an estimated $38 billion on event marketing in 2012 (up from $9 billion spent in 2009)
         ii. The London Olympics are expected to generate an estimated $15.5 billion in revenue
         iii. In 2012, WrestleMania 28 broke the attendance record at Sun Life Stadium in Miami where 78,363 fans watched a battle between popular wrestlers The Rock and John Cena, generating $8.9 million in sales
         iv. The organizer’s of Montreal’s International Jazz Festival operate on a hefty $30 million budget
         v. Since opening in downtown Washington, D.C. 15 years ago, the Verizon Center arena has hosted nearly 3,000 different events and attracted over 34 million fans
      d. For sports and entertainment events, event marketing can involve a number of different marketing activities
         i. Marketing the event to athletes or entertainers/celebrities to recruit and secure their participation to elevate the attractiveness of the event as a whole
         ii. Creating a publicity strategy incorporating a plan to utilize the media to increase coverage of the event
         iii. Promoting the event to the general public to increase attendance or follow the event through the media
         iv. Marketing the event to corporations to urge sponsorship and general event support
         v. Working with government officials to provide public support
         vi. Marketing to private vendors that can provide services for the event
   2. Corporate support of events
      a. The role of corporate support in event marketing has increased dramatically in the past few decades. Without sponsorships and corporate support, many events would not only fail to generate a profit, some would cease to exist.
         i. The ADT Championship, one of the LPGA’s most prestigious events, was eventually canceled in 2009 because the event sponsor, Stanford Financial, went into receivership and the event was unable to secure a new sponsor in their place.
         ii. The Olympics Games are sponsored by 11 companies who pay almost $1 billion for worldwide marketing rights to Summer and Winter Games over a four-year cycle.
b. To entice corporate support, event marketers must integrate the “5 P’s of Event Marketing” to their strategy to help sponsors achieve the results they are looking for as an event sponsor or partner

3. The 5 P’s of event marketing
   a. Participation
      i. Involves getting consumers to attend the event and interact with the company, whether visually, verbally or interactively
   b. Product/brand experience
      i. Refers to the activity of distributing samples or having the consumer try on or try out your product at the event
   c. Promotion
      i. Focuses on the generation of media exposure by creating stories within the event and further increasing corporate awareness through promotions that might include event-related coupons and sweepstakes
   d. Probe
      i. Conduct research before, during and after the event to make sure that you are effectively reaching and penetrating your target audience
   e. Prospect
      i. Implies that companies should approach event marketing as a long-term commitment
      ii. Involvement with an event can require several years to establish before a company will reap the reward on their investment

B. The event triangle
   1. The event triangle is the model for studying the exchanges developed in sports marketing
   a. It places emphasis on the relationships between producers and consumers
   2. Three key components of the triangle
      a. Event
         i. A function that will draw participants, spectators and sponsors
         ii. Could be amateur or professional
         iii. Typically offers entertainment for spectators
         iv. Provides exposure for sponsors
      v. More event examples
         (a) Super Bowl
         (b) FIFA World Cup
         (c) High school state tournaments
         (d) Local charity golf tournament
         (e) Local blues or other music festivals
      vi. With so many events being offered, event organizers often find creative new venues to host events in an effort to generate public interest
         (a) Two years ago, Red Bull launched its “King of the Rock” one-on-one basketball tournament to be played on the island of Alcatraz (it is the only official sporting event held on Alcatraz and the first time basketball has been played on the hard concrete of “The Rock” since the inmates left the island more than 50 years ago)
         (b) In 2011, the NCAA hosted the first-ever college basketball game on an aircraft carrier to celebrate Veterans Day (the vessel was the USS Carl Vinson, the same ship that the body of Osama bin Laden was brought to in order to be buried in the North Arabian Sea)

b. Sponsor
   i. Opportunities for companies to utilize events as a means for communicating a message to consumers, often times to large groups of consumers
   ii. Utilize the event to market its products or services
   iii. Leverage its relationship to advance future business opportunities
c. Spectators
   i. Those attending the event as a source of entertainment
   ii. Typically must pay to attend the event

3. Exposed to promotions for the event and event sponsors

C. Event management
1. While the primary focus of event marketing is to attract all three components of the event triangle (event, sponsor, spectators), the primary function of event management is to ensure the event logistics are properly planned and executed

2. Event planning
   a. Factors sports and entertainment marketers consider when planning an event
      i. Working with vendors
      ii. Facility selection
      iii. Staffing and volunteers
      iv. Traffic and parking
      v. Transportation
      vi. Security
      vii. Concessions
      viii. Ticketing and admissions
      ix. Sponsorship
      x. Awards (including award ceremonies)
      xi. Special accommodations
      xii. Weather
      xiii. Hotels and lodging

3. For example, while some members of the Campus Rail Jam Tour were likely tasked with marketing roles in an effort to maximize attendance and attract sponsors, event management personnel would be responsible for event logistics
   a. In late May of 2011, organizers of the 2011 Campus Rail Jam Tour trucked in 30 tons of snow to build a snowboard and ski course in downtown Portland, OR. Organizers paid a reported $2,500 to have six dump trucks haul snow down from nearby Mount Hood in order to build an appropriate venue for the snow sport competition to take place.  
   b. The event was also successfully marketed as over 6,000 spectators showed up to watch the competition.
Unit 2 Key Terms Defined:

**Cross Promotion:** The convergence of two entertainment properties working together to market products or services

**Customer Loyalty:** Customer decision to become a repeat consumer of a particular product or brand

**Discretionary Income:** Money left to spend after necessary expenses are paid

**Entertainment:** Whatever people are willing to spend their money and spare time viewing rather than participating

**Entertainment Marketing:** The process of developing, promoting, and distributing products, or goods and services, to satisfy customer’s needs and wants through entertainment, or any diversion, amusement, or method of occupying time

**Event Triangle:** The model for studying the exchanges developed in sports marketing

**Intangible Product Attributes:** The unobservable characteristics which a physical good possesses, such as style, quality, strength, or beauty

**Marketing:** The process of developing, promoting, and distributing products, or goods and services, to satisfy customers’ needs and wants

**Perishability:** The ability to store or inventory a product

**Product:** Tangible, physical goods as well as services and ideas

**Sports Marketing:** The act of using sports as a platform to market products or services and increase sales or the process of marketing and selling the sports property itself

**Tangible:** Products that are capable of being physically touched

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Unit 2 References & Resources:

2. Fundamentals of Sport Marketing, Auxiliary Materials, PowerPoint Presentation
3. Fundamentals of Sport Marketing, Auxiliary Materials, PowerPoint Presentation
4. *Sports & Entertainment Marketing*, South-Western Educational Publishing, p. 15
7. Fundamentals of Sport Marketing, Auxiliary Materials, PowerPoint Presentation
19. http://www.mlb.com/was/ticketing/season_payment_plan.jsp
26. http://www.mlb.com/was/ticketing/season_payment_plan.jsp
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34. *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 14

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